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IN THE

Supreme Court of the United States

OCTOBER TERM, 1976

No. 76

KAYSER-ROTH CORPORATION,

Petitioner,

v.

TIGHTS, INCORPORATED,

Respondent.

Petition for a Writ of Certiorari to the United States Court of Appeals for the Fourth Circuit

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TIGHTS, INCORPORATED,

Respondent.

Petition for a Writ of Certiorari to the United States Court of Appeals for the Fourth Circuit

Petitioner Kayser-Roth Corporation respectfully asks that a writ of certiorari issue to review the decision of the United States Court of Appeals for the Fourth Circuit, dated July 12, 1976, which affirmed a judgment, after a jury trial, in the United States District Court for the Middle District of North Carolina, Greensboro Division, holding valid United States reissue patent No. 25,360 (the "Rice Patent").

The "notorious difference between the standards applied by the Patent Office and by the courts"* has long been recognized. As a result, this country suffers under two patent

*Graham v. John Deere Co., 383 U.S. 1, 18 (1966); and the *Report of the President's Commission on the Patent System* 27 (1966).

systems—the one resulting from the tens of thousands of patents granted annually by the Patent Office and the other resulting from the small fraction tested in and approved by the courts.

This petition brings to the Court's attention the emergence of a new, third class of patents which may be called "jury patents".

The "jury patent" came into being as a result of the treatment the Court of Appeals for the Fourth Circuit accorded a jury verdict of validity in this case. When an inadequately instructed jury, impressed by the trappings and seals of Patent Office action, has its verdict treated with the deference implicit in the rule enunciated by the Circuit Court here—i.e. a verdict of validity shall stand if, upon examination in the light most favorable to the patent, there is some evidence to support it—then, indeed, we have a new species of patent. The new species is divorced from the constitutional test and from the public policy consideration which have animated the patent decisions of this Court.

Accordingly, this petition presents a fundamental constitutional question regarding the nature of our national patent system. We ask this Court to determine whether a case involving the validity of a patent to a combination of old elements tried to a jury is to be treated like the ordinary negligence action where the "sufficient evidence" test is applied and, on appeal, the evidence is weighed in the light most favorable to the prevailing party; or whether, instead, the Circuit Court "should scrutinize combination patent claims with a care proportional to the difficulty and improbability of finding invention in an assembly of old elements" to assure that the patented combination does not impermissibly "[withdraw] what already is known into the field of

its monopoly and [thereby diminish] the resources available to skillful men."*

This petition also presents this Court with the opportunity to resolve a conflict amongst the various circuits on the issue whether obviousness is a question of law or fact. While a majority of circuits follow this Court's repeated holding that patent validity is a question of law, and so treat the issue of obviousness, others treat it as a question of fact.

Here, the Circuit Court affirmed a judgment of patent validity entered solely on the jury's response to a conclusory interrogatory framed as an *in haec verba* repetition of the provisions of 35 U.S.C. §103. The Circuit Court found no error in the denial of petitioner's request for special interrogatories requiring the jury to make the "several basic factual inquiries" required by "the three-pronged Graham test" for obviousness.**

The result is that the respondent, patent purchaser, has now received a license to collect literally millions of dollars in royalties and damages for infringement of a combination patent which withdraws from the public domain a garment worn by courtiers, servants, pages and court jesters since the fourteenth century—a unitary garment made from breeches joined to stockings, utilizing the modern but prior art technology of sheer stretch nylon in place of spun wool and cotton—which in today's fashion has come to be known as panty hose and tights. Indeed, since the entry of judgment, respondent has asserted the Rice Patent against no less than 41 manufacturers and retailers within the Fourth Circuit:

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*Great A & P Tea Co. v. Supermarket Equipment Corp., 340 U.S. 147, 152-53 (1950) Sakraida v. Ag Pro, Inc., 96 S. Ct. 1532 (1976).

**Sakraida v. Ag Pro, Inc., 96 S. Ct. 1532 (1976).

Opinions Below

The opinion of the Court of Appeals, not yet officially reported, is set forth in Appendix A.* The District Court did not render a written opinion.

Jurisdiction of this Court

The decision sought to be reviewed is dated July 12, 1976, and is set forth in Appendix A. The jurisdiction of this Court is invoked under 28 U.S.C. §1254(1).

QUESTIONS PRESENTED

1. Is the constitutional basis for the issuance of a patent monopoly improperly ignored when, in an appeal from a jury verdict finding valid a patent to a combination of old elements, the Circuit Court fails independently to scrutinize the patent claims with a care proportional to the difficulty and improbability of finding invention in an assembly of old elements and, instead, resorts to a "sufficiency of the evidence" test by which the evidence is weighed in the light most favorable to the patentee just as in the ordinary negligence action?

2. Where the validity of a patent is in issue, is it permissible to determine the question of obviousness on the basis only of the jury's response to a special interrogatory which merely repeats the provisions of 35 U.S.C. §103 where the trial court has refused to submit to the jury (and thereby has denied the jury the opportunity to separately resolve) each of the basic factual inquiries which this Court has held underlies the determination of obviousness as a question of law?

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*References to the Appendices are prefaced with the appendix letter followed by the page number, *e.g.* (A-8).

Constitutional Provision Involved

The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries. United States Constitution, art. I, §8, cl. 8.

Statutes and Rules Involved

This case involves Sections 102 and 103 of the patent laws, 35 U.S.C. §§102 and 103. These laws may be found in volume 8 of the United States Code (1970 edition) at the following pages: §102, at 8817; §103, at 8817. The texts of these laws are set forth in pertinent part in Appendix C.

The Federal Rules of Civil Procedure involved are Rule 49(a) and Rule 50. These rules may be found in volume 7 of the United States Code (1970 edition) at the following pages: Rule 49(b), at 7812; Rule 50, at 7812-13. The texts of these Rules are set forth in pertinent part in Appendix D.

STATEMENT OF THE CASE

The Rice Patent and How the Inventor Represented His Invention to the Patent Office

The patent in issue was granted on March 18, 1958 and reissued on March 26, 1963 as RE 25,360, upon an application filed by E. G. Rice on November 9, 1956. For all intents and purposes, the single claim in each of the original and reissue patents is identical and directed to what is today known as tights or panty hose. Specifically, the patent covers a garment formed from two similar tubes slit in the form of a "V" in their uppermost portions and joined at corresponding oppositely disposed edges of the separate slits to form a combination panty and stocking with a U-shaped seam run-

ning from the rear of the waist down to and around the crotch and up to the front of the waist in the panty portion.

During the prosecution of his patent application, Rice represented to the Patent Office that his invention was a waist-to-toe garment formed by joining a pair of slit stockings and, more particularly, by joining a pair of *seamless,* as distinguished from full-fashioned, stockings.

The Patent Office initially rejected his claim. In arguing against the Patent Office's rejection, Rice described his invention in the following terms:*

> "The invention defined by the appealed claims relates specifically to a seamless knit combination garment commonly referred to as 'tights,' or incorrectly referred to as 'leotards,' in which a pair of abnormally elongated seamless stockings knit with stretchable nylon yarns is connected together in a suitable manner at the upper portions of the stockings to form a torso or waist-encircling panty portion of a garment. Each stocking of the pair of stockings is slit or cut longitudinally for a predetermined length from the top of the welt portion to a crotch position, on the inside section of each stocking, to be connected together subsequently by suitable means thereby forming the combination garment having an upper panty portion with depend-

*On still another occasion Rice described his invention as follows:

* * *

"Applicant's invention is directed to a combination garment or tights in which a pair of *seamless* stockings, knit of stretchable yarn, each having foot, leg and abnormally elongated welt portions, with the welt portions being *cut* to form a longitudinally extending slit reaching from the waist portion of the welt to a position approximately at the crotch location of the garment. The allochirally slit and matched stockings are connected in a suitable manner to form a panty portion with depending leg and foot portions." (emphasis in original) [Reissue File Wrapper, p. 45, DX 207, D. App. 92].

> ing legs formed from the *seamless* knit stockings." (emphasis in original) [Reissue File Wrapper, p. 59, DX 207, D. App. 105].

These descriptions of the invention were relied upon and adopted both by the Patent Office Examiner [DX 207, p. 77, D. App. 108], as well as by the Patent Office Board of Appeals in its decision affirming the Examiner's rejection of claims added during the reissue application [DX 207, p. 94, D. App. 114]. Indeed in a prior related case, the Circuit Court* found that the Rice Patent was obtained only after Rice persuaded the Examiner that his invention differed in this respect from a prior art patent 2,697,925 to Goodman (the primary reference applied by the Patent Office). Rice argued that he was able to form a waist-to-toe garment by joining *seamless*** stockings, where Goodman's waist-to-toe garment was made from full-fashioned*** stockings.

The representation that joinder of *seamless* stockings was the invention covered by the Rice Patent continued for over sixteen years until the trial of this action. Then, faced with the first concentrated attack upon the validity of the Rice

*See Morpul v. Glen Raven Knitting Mills, Inc., 357 F.2d 732, 734 (4th Cir. 1966), where the Circuit Court stated:

"When Rice's original application was initially rejected on the basis of Goodman, he pointed out that his patent envisaged *seamless* stockings rather than the full-fashioned garment of Goodman. The plaintiff [i.e. Rice's successor] argues that it was on this basis that the patent was subsequently granted." (emphasis in original)

**Seamless stockings are knit in the form of a tube, with no seam running vertically in the back of the leg as in the alternate fashion in vogue for many years.

***Full-fashioned stockings are formed by seaming a flat piece of fabric symmetrically contoured to conform to the contours of the leg anatomy.

patent where the full extent of the prior art was to be presented in an adversary contest, respondent demanded a jury and then rewrote the script.

The Prior Art

Of the documentary prior art presented to the jury, the following had never been discussed by the Patent Office during the *ex parte* prosecution of the application:

1. The *History of Hosiery* containing a description of the joining of breeches and stockings to form a garment of the type claimed in the Rice patent dating back to "skin-tights" adopted in the 14th century by the Venetian Company of the Hose. (DX 145-48, TR 280, D. App. 56-69)*

2. An 1892 patent No. 475,734 to Sutton which, in the drawings and specification, describes two versions of a waist to toe undergarment formed from a combination of a panty portion and a seamless stocking portion. In one, (DX 200, TR 948, D. App. 52-53, Fig. 1, col. 1, l. 27-28, col. 2, l. 2-11) the U-seam formed by joining the corresponding oppositely disposed slits in fabric tubes is interrupted by a crotch-piece to give added space to accommodate that portion of the male anatomy that requires it for proper fit. In the other (DX 200, TR 948, D. App. 52-53, Fig. 2, col. 1, l. 29-31), the U-seam is formed with no crotch piece, resulting in a garment that presumably is sufficient to accommodate the female anatomy.

*References to the Petitioner-Defendant's Exhibits at trial are prefaced by the letters "DX" followed by the exhibit number, *e.g.* "DX 8". References to the trial transcript are preceded by the letters "TR" followed by the page number, *e.g.* "TR 8." References to the Petitioner's Appendix on appeal to the Circuit Court are prefaced by the letters "D. App." followed by the page number, *e.g.* "D. App. 8".

3. A September 1955 German petty patent, Gebrauchsmeister No. 1,707,521, to Voigt and an article with photographs in the summer 1955 German *Sport-Bedarf* magazine describing and illustrating modern-day seamless panty hose made by Voigt with stretch (and sheer) nylon and which, despite the photograph, the jury apparently determined differed from the Rice patent only in that Voigt included a crotch piece in his garment. (DX 201, TR 483, D. App. 24-37)

Another piece of prior art not discussed during the prosecution of the Rice patent as originally issued is:

4. An 1894 British patent No. 15,835 to Appleton disclosing a combination panty and stocking garment expressly intended for use by men and boys made by joining the corresponding oppositely disposed edges of "V" slits in two tubular fabric pieces into a U-seam interrupted only by a gusset and fly opening required by the anatomy of men and boys. (DX 200, TR 948, D. App. 40-41)

And finally, there was presented to the jury:

5. A 1954 patent No. 2,697,925 to Goodman disclosing tights with a seam on the back of the leg (according to the then-contemporary fashion) formed by joining the corresponding oppositely disposed edges of "V" slits in each of two tubular sections to form a U-seam in which "a crotch piece *may* be secured" (DX 200, TR 948, D. App. 42-44 col. 2, l. 81) (emphasis supplied) if desired to accommodate persons requiring the extra room beyond that afforded by the use of stretch nylon.*

*A Goodman-type garment without a crotch piece [DX 143-1, D. App. 382, 383] made and offered for sale by petitioner more than three years prior to Rice's invention and accepted in evidence without objection was ignored by the Court of Appeals.

The Distortion of the Rice Patent to Avoid the Prior Art

Faced with this prior art at trial, respondent abandoned the representation that the Rice patent was to a combination panty and stocking novel in the joinder of *seamless* tubes. Instead, respondent attempted to persuade the jury that Rice's invention differed from the prior art in that his garment did not include a crotch piece. Further, respondent asserted that the Rice invention was limited to garments used by women only (i.e., not by either children or men) and then only (a) when worn underneath another garment so that the panty portion functions as an undergarment, (b) when the legs were sheer and not opaque, and (c) when the circularly knit fabric was made on a particular machine capable of producing this fabric—i.e., a fine gauge, 400-needle circular knitting machine having a four-inch diameter cylinder for knitting ladies' sheer hosiery.*

The Jury Verdict

This argument was made to and accepted by the jury which held valid the single claim of the Rice patent in which no such limitations are found.

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*By contrast, plaintiff's expert, Mr. Peel, testified that the term "combination panty and stocking" meant panty hose or tights, which he understood to be synonomous terms. Mr. Peel testified further that the terms "panty" and "pant" were not limitations as to gender, but rather the choice of the wearer, as was the decision to wear it as an under or outer garment [TR 76-79, 81, D. App. 268A-271, 273]. He further conceded that the term "sheer" was not in the claim [TR 93, D. App. 283]; that the Lamb-type knitting machines used by Sutton '734 made seamless stockings identical to that described in the claim of the Rice Patent; and that Sutton '734 disclosed the joinder of such seamless stockings by a U-shaped seam without a crotch piece [TR 83-84, 135-145, D. App. 275-276, 313-320].

Insofar as the issue of obviousness is concerned, the verdict was based solely on the jury's negative response to a special interrogatory which repeated exactly the provisions of 35 U.S.C. §103 in asking:

> "Do you find, from clear and convincing evidence, that the differences between the claim of the Rice patent and the prior art are such that the subject matter of the claim as a whole would have been obvious, at the time the invention was made by Mr. Rice, to a person having ordinary skill in the art to which the subject matter of the claim pertains."

This interrogatory was asked over petitioner's objection, after the Court refused petitioner's request that the jury respond to the separate several basic factual inquiries mandated under the three-pronged test enunciated by this Court in *Graham v. John Deere,* 383 U.S. 1 (1966)—i.e., inquiries designed to elicit from the jury a determination of the scope and context of the prior art; the differences between the prior art and the claim in issue; and the level of ordinary skill in the art involved.

OPINION OF THE COURT OF APPEALS

In affirming the judgment entered upon the jury's verdict, the Circuit Court observed "that the rules governing appellate review of patent cases are no different than in other types of civil litigations" and, with this, it applied "the same standard employed by the district court." Addressing itself to petitioner's denied motions for a directed verdict and for a judgment notwithstanding the verdict, the Circuit Court limited its examination to the question whether there was sufficient evidence to support the verdict; it refused to weigh the evidence except "in the light most favorable to respondent"—i.e., the patentee's successor.

Applying the sufficiency of the evidence test in this manner the Circuit Court held that the Rice patent was not invalid as a matter of law. It found patentable invention in the fact that Rice's waist-to-toe garment could be made "without fashioning [i.e., contouring to fit the wearer anatomy] and with a single U-shaped seam [without a crotch-piece] running through the crotch area from front to back." (A 18).

In reaching this decision, the Circuit Court ignored its own prior finding in *Morpul v. Glen Raven Knitting Mills, Inc., supra,** (a) that the Rice patent was to a combination of elements known to the art; (b) that "joining individual stockings to form a garment to serve the combined purpose of stockings and panty was a familiar idea in the textile industry at the time of Rice's original application" (*id.* at 734); and (c) that the claim "was restricted to a single application of the generally known idea of a U-shaped seam". Instead the Circuit Court focused on such evidence presented to the jury as (d) how one of the parties came down to North Carolina from New York to discuss the manufacture of Rice's garment before that party filed a patent application for panty hose with a crotch-piece; (e) the alleged savings effected by the industry in producing a garment without the crotch-piece; and (f) disbelief on the part of some that construction with a U-seam was practical or useful.

Finally, the Circuit Court, while ostensibly recognizing that the question of obviousness is ultimately one of law, found no error in the District Court's delegation of this issue to the jury which was asked to respond to a special interrogatory repeating the statutory generalization barring patents for obvious inventions. The Circuit Court held that "nothing

*It should here be noted that validity was not in issue in *Morpul*. The decision there springs solely from the defendant's successful motion for summary judgment of non-infringement of the Rice Patent.

would be gained by requiring the jury to [make findings in regard to the several factual inquiries defined by the *Graham v. John Deere Co.* three-pronged test] where [the] broader interrogatory, when answered, would be sufficient".

In making this finding, the Circuit Court reasoned that the District Court's instruction asking the jury to *deliberate* upon the considerations of fact in the *Graham* three-pronged test eliminated the need for the jury to make express *findings* on each of these separate underlying fact questions.

REASONS FOR GRANTING CERTIORARI

(1) The standard by which the Circuit Court reviewed the Rice Patent is contrary both to the constitutional foundation for our patent system and the now recognized improbability of finding valid patents to combinations of old elements.

The Constitution, as Justice Douglas observed in *Great A & P Tea Co. v. Supermarket Equipment Corp.*, 340 U.S. 147, 154-55 (1950) (concurring opinion) sets up a system of patents, not for private gain, but rather to promote the general public good. Only with reluctance did the framers conclude that the withdrawal of public access to ideas, by the grant of seventeen year monopolies, could, in proper cases, *promote* rather than hinder, science and the practical arts. *See* Graham v. John Deere Co., 383 U.S. 1, 5-10 (1966).

And where, as Judge Learned Hand noted, the great number of issued patents attest to the fact that the Patent Office often succumbs to "the antlike persistency" of applicants whose perseverance ultimately prevails, *Lyon v. Boh,* 1 F.2d 48, 50 (S.D.N.Y. 1924) the courts have been far more mindful and protective of the constitutional basis for our patent system in denying monopolies for trivial contributions. Indeed, this Court has more than once lamented what Justice

Clark called, the "notorious difference between the standards applied by the Patent Office and by the courts." Graham v. John Deere Co., 383 U.S. 1, 18 (1966); *see* Great A & P Tea Co. v. Supermarket Equipment Corp., 340 U.S. 147, 156-58 (1950) (Douglas & Black, JJ. concurring, *cf.* Lear, Inc. v. Adkins, 395 U.S. 653, 670 (1969), especially where, as here, the patent is to a combination of elements old in the art.

But, despite this, the Fourth Circuit chose to review the evidence "in the light most favorable to [the patent] . . ., giving [the patent] the benefit of all reasonable inferences from the evidence." In so doing, the Circuit Court found patentable invention in Rice's omission of a crotch piece from 14th century page's pants.

In its review, the Court of Appeals conceded that much of the evidence in this case was in conflict. But, if the oral testimony was in conflict, the documentary evidence was not. And the documentary evidence drawn from the Patent Office files was certainly available in the record for a fair and indipendent review. However, the Circuit Court felt obliged to review even the documentary evidence by a different standard —i.e., one tilted in favor of the patent to a combination of old elements.

By following this standard, the Circuit Court was compelled to close its eyes to an express disclosure in the Sutton patent of tights made without a crotch piece. Specifically Sutton states "Fig. 2 is a partial view of a garment similar to that represented in Fig. 1, but with the crotch-piece omitted." (Col. 1, l. 29-31).

In short, the Circuit Court ignored even its prior findings in *Morpul v. Glen Raven Knitting Mills, Inc., supra.* Yielding its independent powers of judgment, the Circuit Court felt constrained to apply the same standard of review in a patent case as it applies in an intersection collision case.

But a patent case is *not* just like any other case and the standard of review must reflect that fact. The constitutional basis for granting patents requires extra vigilence to insure that only those contributions which *promote* the progress of science be rewarded with monopolies which generally are forbidden by public policy considerations. The consequence of invalid patents obviously goes beyond the parties in a particular litigation, often reaching an entire industry and beyond to consumers who either pay tribute or suffer the pain of expensive time-consuming litigation. And where, as here, the patent reviewed by the "sufficiency of the evidence" standard is to a combination of elements old in the art, the disregard of the constitution becomes egregious.* As this Court has long counseled:

> "Courts should scrutinize combination patent claims with a care proportional to the difficulty and improbability of finding invention in an assembly of old elements."

Great A & P Tea Co. v. Supermarket Equipment Corp., 340 U.S. 147, 152 (1950); *see* Anderson's-Black Rock Co. v. Pavement Salvage Co., 396 U.S. 57 (1969); Sakraida v. Ag Pro, Inc., 96 S. Ct. 1532 (1976).

Here, the *only* difference between the Rice patent and fourteenth century pages pants (not to mention a sixty-year-old

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*In its review of the evidence, the Circuit Court suggested there was an alternative technical procedural basis for affirming the trial court's denial of judgment notwithstanding the verdict. However, as the Circuit Court's opinion implicity recognizes, affirmance on such a basis would permit unlawful monopolies deriving from invalid patents to choke the lanes of commerce and affect persons other than the individual litigants herein. The validity of constitutional monopolies must rest not upon an alleged procedural misstep by trial counsel but rather upon the nature of the inventor's contribution to the public.

patent to Sutton) is in Rice's use of stretch nylon in place of "contoured" knitted fabric. Yet, elementary logic dictates that the use of a stretch yarn is the obvious way to eliminate the need to add extra fabric in the form of contouring or a crotch-piece to provide extra room where and when needed. Respondent's own expert conceded as much at trial when he testified that the substitution of stretch nylon for conventional yarn, such as cotton and wool, was known prior to Rice's invention (TR 87-88); the Circuit Court recognized this in *Morpul* when it found that the use of stretch nylon in the claim of the Rice Patent was old; and the documentary prior art—*i.e.*, the *Sport Bedarf* publication and Voigt petty patent expressly disclose and patent the use of stretch nylon in this fashion.

In contrast to the Circuit Court's approach, this Court, in most patent validity cases decided during the last two decades, has not hesitated to conduct its own, independent review of both factual and legal issues, especially where the documentary evidence was available to it. Sakraida v. Ag Pro, Inc., 96 S. Ct. 1532, 1536 (1976); Dann v. Johnston, 96 S. Ct. 1393 (1976); Anderson's-Black Rock, Inc. v. Pavement Salvage Co., 396 U.S. 57, 62-63 (1969); United States v. Adams, 383 U.S. 39, 50, 51 (1966); Graham v. John Deere Co., 383 U.S. 1, 25, 36 (1966); Great A & P Tea Co. v. Supermarket Equipment Corp., 340 U.S. 147, 149 (1950).

So, too, have many Circuit Courts given close independent review of the evidence in patent validity cases without resting behind the sufficiency of the evidence rule. Judge Mansfield, speaking for the Second Circuit recently in *Maclaren v. B-I-W Group Inc.*, 535 F.2d 1367, 1371 (2d Cir. 1976) stated:

> "Our deference to the trial judge's findings is, of course, predicated in large part upon his having had the opportunity to appraise the credibility of the witnesses on the basis of personal observation and, through interrogation, to clarify disputed and often complicated issues of fact . . . *On the other hand, where the material facts are undisputed or the findings are based on documentary evidence which we are as competent to appraise as the district court, we have not hesitated to reject a determination of validity, either because the significance of the facts had not yet been fully perceived by the district court or there has been an error in the application of legal principles.*" (Emphasis added.)

See also Turzillo v. P & Z Mergentime, 532 F. 2d. 1393 (D.C. Cir. 1976).

Although the Fourth Circuit appears willing to meet its responsibilities in reviewing bench trials, *e.g.*, *Deering Milliken Research Corp. v. Beaunit Corp.*, 532 F.2d 750 (4th Cir.), *cert. denied*, 96 S. Ct. 2651 (1976), here it seems intent on making a distinction for "jury patents". The consequence of this position is apparent. A bench trial must proceed before an experienced judge, aware of the constitutional issues, and required by Rule 52(a) to make detailed findings of fact and conclusions of law to facilitate judicial review. None of those safeguards attend this jury patent case.

The *practical* consequence of accepting such a disparity will be the establishment of a new "jury patent" tried to a body more likely to see patentable invention where it does not exist and having its verdict all but immune from effective review. Where there now is an increasing number of jury trials in patent cases,* the Fourth Circuit's decision will open the floodgates to the lengthy and inefficient use of juries. Foolish the lawyer, trying a patent of marginal validity, who

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*Statistics compiled by the Director of the Administrative Office of the United States Courts reveal the percentage of jury trials in patent cases has increased from 2.5% in 1970 to 12.9% in 1975.

would *not* now choose a jury in the Fourth Circuit, where to do so insures relaxed scrutiny on appeal.

In consequence, the effect of a jury trial in the Fourth Circuit creates a "one court" rule when, over twenty-five years ago this Court in *Great A & P Tea Co. v. Supermarket Equipment Corp.*, 340 U.S. 147 (1950), renounced the *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 339 U.S. 605, 610 (1949) "two court" rule for patent cases and reverted to the standard permitting independent adjudication in three courts. We submit, therefore, that the standard of review followed by the Circuit Court is unconstitutional, violative of actual Supreme Court practice, and inconsistent with most other Circuits. It should be addressed and repudiated by this Court.

(2) This Court needs to resolve a conflict among the various Circuits on the nature of the question of nonobviousness under §103. Where previously there have been two schools—one treating obviousness as essentially a question of fact and the other essentially a question of law—the Circuit Court here has created still another alternative for jury patents.

In *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966) this Court analyzed the requirements of §103 in a paragraph which has subsequently confounded the Circuit Courts. It stated:

> "While the ultimate question of patent validity is one of law, Great A & P Tea Co. v. Supermarket Equipment Corp. . . . the §103 condition, which is but one of three conditions, each of which must be satisfied, lends itself to several basic factual inquiries."

Attempting to apply this, the Eighth Circuit has candidly stated:

> "This language of the Supreme Court serves as a rather precise guideline for the trial court, but does not articulate with particularity a standard for our appellate review." Flour City Architectural Metals v. Alpana Alum. Products, Inc., 454 F. 2d 98, 105 (8th Cir. 1972).

Further evidence of this confusion is found in the First Circuit where application of the rule in *Graham* is explained as follows: "[t]he determination of obviousness, although within limits a question of law, is essentially one of fact." International Telephone & Telegraph Corp. v. Raychem Corp., __F. 2d__ (1st Cir. 6/25/76); *see* Forbro Design Corp. v. Raytheon Corp., 532 F. 2d 758, 763 (1st Cir. 1976).

The Ninth and Tenth Circuits follow the First in assuming the obviousness question to be principally one of fact. Norwood v. Ehrenreich Photo-Optical Industries, Inc., 529 F. 2d 3, 8 (9th Cir. 1975); Alcor Aviation, Inc. v. Radair Inc., 527 F. 2d 113, 115-116 (9th Cir. 1975); CMI Corp. v Metropolitan Enterprises, Inc., 534 F. 2d 874 (10th Cir. 1976); Halliburton Co. v. The Dow Chemical Co., 514 F. 2d 377, 379 (10th Cir. 1975).

In contrast, the Second, Fifth, Sixth, Seventh, Eighth and D.C. Circuits, as well as the Court of Claims, have interpreted *Graham* to hold that obviousness is principally a question of law. Maclaren v. B-I-W Group, Inc., 535 F. 2d 1367, 1371 (2d Cir. 1976); Parker v. Motorola, Inc., 524 F. 2d 518, 531 (5th Cir.), *cert. denied*, 96 S. Ct. 2175 (1976); Kolene Corp. v. Motor City Metal Treating, Inc., 440 F. 2d 77 (6th Cir.), *cert. denied*, 404 U.S. 886 (1971); E-T Industries, Inc. v. Whittaker Corp., 523 F. 2d 636, 641 (7th Cir. 1975); Armour & Co. v. Wilson & Co., 274 F. 2d 143 (7th Cir. 1960); Airlite Plastics Co. v. Plastilite Corp., 526 F. 2d 1078, 1080 (8th Cir. 1975), *cert. denied*, 96 S. Ct. 1671

(1976). Turzillo v. P & Z Mergentime, 532 F. 2d 1393, 1403 (D.C. Cir. 1976). Douglas v. United States, 510 F. 2d 364, 367, (Ct. Cl.), *cert. denied,* 96 S. Ct. 40 (1975).

The Third and Fourth Circuits appear somewhat confused as to the proper standard. *Compare* Minnesota Mining & Mfg. Co. v. Berwick Industries, Inc., 532 F. 2d 330, 332-33 (3rd Cir. 1976), with Layne-New York Co. v. Allied Asphalt Co., 501 F. 2d 405, 406 (3rd Cir. 1974), *cert. denied,* 421 U.S. 914 (1975); and *compare* Deering Milliken Research Corp. v. Beaunit Corp., 532 F. 2d 750 (4th Cir.), *cert. denied,* 96 S. Ct. 2651 (1976) in which a bench trial received independent critical review with Tights, Inc. v. Acme-McCrary Corp., __F. 2d __(4th Cir. 1976), the present case in which the jury verdict was treated with sacrosanct deference by the Circuit Court.

In the midst of this confusion we understand that at least four other petitions for certiorari are presently before this Court seeking clarification of the proper standard under §103. Mohasco Industries, Inc. v. Spound, 534 F. 2d 404 (1st Cir. 1976); Pederson v. Stuart-Warner Corp., 534 F. 2d 404 (7th Cir. 1976); E-T Industries, Inc. v. Whittaker Corp., 523 F. 2d 636 (7th Cir. 1975); Bolt, Beranck & Newman, Inc. v. McDonnel Douglas Corp., 187 U.S.P.Q. (8th Cir. 1975).

The Supreme Court should take this opportunity to clarify the §103 standard, presently the object of widespread judicial uncertainty.

(3) Whether nonobviousness is mostly a question of fact or mostly one of law, certainly the Circuit Court should not be permitted to flatly ignore this Court's direction that resolution of this issue requires a determination of the several basic factual inquiries of the three-pronged *Graham* test.

In spite of petitioner's efforts separately to submit to the jury the three underlying factual inquiries mandated by *Graham*—(1) the scope and content of the prior art; (2) the differences between the prior art and the patent in issue; and (3) the level of ordinary skill in the art—the trial court submitted one unwieldly and subsuming interrogatory to the jury.* That interrogatory is nothing less than a repetition of 35 U.S.C. §103 transformed from declarative to interrogative form.

Therefore, the resulting one word response and verdict by the jury validating the patent, shed no light on *how* the jury resolved this crucial constitutional question of obviousness. And what is more, this conclusory finding by the jury provided the Circuit Court with no factual basis for its review of the ultimate question of law. This of course would not occur in a trial to a court, since Rule 52(a) of the Federal Rules of Civil Procedure requires detailed findings of fact. We submit no less should be required of the jury.

The result here highlights the adverse effect of this "jury standard" of invention as opposed to the constitutional standard. Here an entire industry is exploited by a patent on an age old garment dressed up in modern language and apparently sustained by a finding of invention based on cost savings from the absence of a crotch piece—a feature long recognized as optional and even disclaimed by Rice as his concept [D. App. 82, 83]. The Rice patent fits appropriately in the list of gadget examples enumerated by Justice Douglas in *Great A & P v. Supermarket Equipment Corp.*, 340 U.S. 147, 156-158 (1950).

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*When the jury understandably sought assistance in understanding this interrogatory during its deliberations, the trial court merely sent in to them the language of the statute, 35 U.S.C.§103.

Patent cases are too important to be left solely to a jury in circumstances where, as here, the effect is a "one-court" decision. It is important for this Court to require adherence to the *Graham* rule where the functions of the trier of fact and the Court are properly separated to provide a basis for effective review.

Conclusion

For the foregoing reasons, this petition should be granted and a writ of certiorari should be issued to review the decision below.

Respectfully submitted,

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APPENDIX

United States Court of Appeals

FOR THE FOURTH CIRCUIT

No. 75-1103

TIGHTS, INC. — *Appellee*

v.

ACME-McCRARY CORPORATION,
KAYSER-ROTH CORPORATION,
ADAMS-MILLIS CORPORATION — *Appellants*

and

ORIN R. YORK,
JOSEPH G. WALSER, JR.,
NESBIT H. CAUGHMAN,
JOHN OPEL FERRELL — *Defendants*

Appeal from the United States District Court for the Middle District of North Carolina, at Greensboro.
Philip B. Baldwin, Associate Judge of the United States Court of Customs and Patent Appeals.*

Argued June 9, 1975 Decided July 12, 1976

Before RUSSELL, FIELD, and WIDENER, Circuit Judges

Simon H. Rifkind, Paul B. Bell (Floyd A. Gibson, John L. Sullivan, Jr.; Parrott, Bell, Seltzer, Park and Gibson; Bernard Ouziel; Paul, Weiss, Rifkind, Wharton and Garrison; Thornton H. Brooks; Brooks, Pierce, McLendon, Humphrey and Leonard on brief) for Appellants; Jack W. Floyd (Richard W. Ellis, James A. Medford; Smith, Moore, Smith, Schell and Hunter on brief) for Appellee.

*Sitting by designation

WIDENER, Circuit Judge:

This appeal concerns the validity of Rice Patent No. RE 25,360 covering unitary ladies' garments consisting of a pair of stockings formed together with a pair of underpants constructed so as to eliminate the need for garter attachments and belts. Tights, Inc., the owner of the challenged patent (hereinafter referred to as the Rice Patent), originally instituted this action against Acme-McCrary Corporation alleging patent infringement and seeking both damages and injunctive relief. Acme-McCrary, in its answer, denied infringement on the grounds that the patent was invalid and consequently unenforceable. In addition, it counterclaimed for a declaration of invalidity under 28 USC §§2201 and 2202 and a permanent injunction against Tights restraining it from making any further allegations of infringement based upon the Rice Patent. The case was subsequently consolidated with two similar actions instituted by Tights against Kayser-Roth, a New York corporation, and Adams-Millis, a North Carolina corporation, each of which was alleged to have infringed upon the Rice Patent.

Prior to trial, the parties agreed that if the Rice Patent were upheld as valid, the defendants were guilty of infringement. Accordingly, the only questions submitted to the jury concerned the validity of the patent. Following a verdict in favor of Tights, the district court entered judgment against Acme-McCrary, Kayser-Roth, and Adams-Millis on the grounds that the Rice Patent was valid, enforceable and infringed. This appeal followed.

The appellant-defendants seek reversal on the grounds that the trial court erred in failing to rule the patent invalid as a matter of law, in submitting the

question of obviousness to the jury, and in ruling as it did regarding the admissibility of certain evidence. We are of opinion the contentions are without merit and affirm the judgment of the district court.

THE RICE PATENT

Application for the Rice Patent was originally made on November 9, 1956. After being issued in 1958 with an inconsequential mistake in the claim, the patent was surrendered for re-examination prior to a second issue. On March 26, 1963, the patent was reissued as No. RE 25,360, the patent which the appellants challenge. Thus, the Rice Patent was examined by the Patent Office on two separate occasions prior to its final issuance.

The claim in the reissued Rice Patent described a combination panty and stocking formed from a circularly knit fabric which included the following elements: a pair of seamless stockings having foot, leg, and welt portions; the welt portions being knit of stretchable yarn and extending above the knee to the waist of the wearer; the stocking having a longitudinal slit and positioned so that the slits are adjacent each other; and a seam binding the corresponding front and rear edges formed by the longitudinal slits to form a U-shaped seam intermediate to a single enlarged welt and defining the panty.

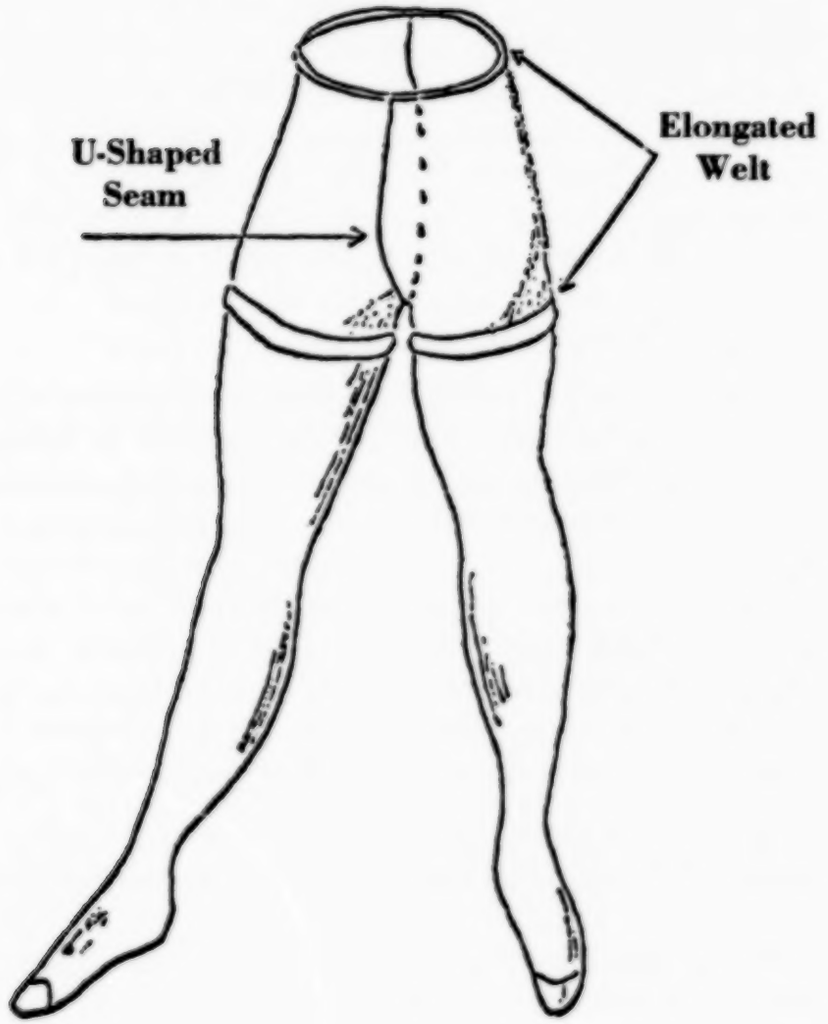
While Rice spoke in terms of a "combination panty and stocking," as can be seen from the sketch below, he was, in fact, describing what has come to be known as panty hose. This is not to say, however, that the Rice Patent purports to cover all such garments. To the contrary, the patent is restricted by its terms to those panty hose constructed with a single U-shaped seam running from front to back through the crotch area and

having no intervening crotch-piece or gussett. That was decided in *Morpul v. Glen Raven Knitting, Inc.*, 356 F2 732 (4th Cir. 1966), a suit concerning this same patent.

The significance of the unitary U seam described by Rice is reflected in the associated cost reduction in panty hose produced in this manner as opposed to those manufactured with a crotch-piece. According to witnesses

E. G. RICE

COMBINATION STOCKINGS AND PANTY



*From drawing accompanying Patent No. RE 25,360 issued March 26, 1963 to E. G. Rice.

appearing on behalf of Kayser-Roth, the use of the unitary U-shaped seam reduced production costs by 12 to 24 cents per dozen. Tights estimated the savings at between 20 and 25 cents per dozen. Such cost savings are substantial when considered in terms of total production. For example, in the case of Kayser-Roth, which produced an average of approximately 35,000 dozen panty hose per week in 1970, the elimination of the crotch-piece would have resulted in admitted cost savings of at least $4,200 and as much as $8,750 a week.

TRIAL COURT PROCEEDINGS

With the exception of the questions of patent validity, the parties and the court below resolved or otherwise eliminated from the trial all other issues, including the issue of infringement. Thus, the only substantive issues presented to the jury were whether the Rice Patent was anticipated by the prior art in the field and therefore not patentable under 35 USC §§101 and 102; whether the subject matter of the patent was obvious and consequently not patentable under 35 USC §103;[1] and whether fraud on the Patent Office had been committed.

The relevant statutory provisions with which the court was concerned then provide in part as follows:

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[1]In the defendants' proposed jury issues, they requested that the jury be asked whether the Rice claim particularly pointed out in clear, unambiguous language the subject matter which it claimed as inventive in accordance with 35 USC §112. In a conference in the trial judge's chambers at or near the close of the evidence, however, the defendants expressly agreed that this issue should not be submitted to the jury. Thus, the question as to specificity under §112 was effectively withdrawn from the case at the trial and is, therefore, not a matter before this court on appeal.

§101. *Inventions Patentable.*

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor. . . .

§102. *Conditions for patentability; novelty and loss of right to patent.*

A person shall be entitled to a patent unless—

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent. . . .

§103. *Conditions for patentability; nonobvious subject matter.*

A patent may not be obtained . . . if the difference between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. . . .

These sections establish novelty, usefulness and obviousness tests, all of which are relevant in determining the question of patentability. See *Graham v. John Deere,* 383 US 1 (1965). The defendants argue that the Rice Patent does not describe any new or novel product since it was both anticipated by and obvious from the prior art in the field. Consequently, they contend that the patent was improvidently granted.

As to each of these points, however, the burden of proof is on the defendants, and the Rice Patent, having

been issued by the Patent Office, is presumed valid. 35 USC §282; *Blohm & Voss AG v. Prudential Grace Lines, Inc.*, 489 F2 231, 244 (4th Cir. 1973), cert. den. 419 US 840 (1974); *White v. Mar-Bel, Inc.*, 509 F2 287, 391 (5th Cir. 1975); *Moore v. Shultz*, 491 F2 294, 298-9 (10th Cir. 1974), cert. den. 419 US 390 (1974). The basis for this presumtion was set out by the Second Circuit in *Georgia-Pacific Corp. v. United States Plywood Corp.*, 258 F2 124 (2d Cir. 1958), cert. den. 358 US 884 (1958), where the court stated: "Expertness and experience in passing upon patents lies primarily in the Patent Office and these important factors are only partially offset by the greater concentration and the additional relevant evidence which can be brought to bear in any particular patent litigation in the courts." *Id.* at 133. The jury, without objection, was told in the special verdict form it must find invalidity by clear and convincing evidence. Accord *Moore*, p. 299; see *Gulf Smokeless Coal Co. v. Sutton, etc.*, 35 F2 433, 437 (4th Cir. 1929).

During the trial of the case, following some nine days of testimony, the defendants, at the close of all the testimony, moved for a directed verdict, contendng the Rice Patent to be invalid. The basis for this motion was the contention that the evidence conclusively established that the patented product described in the Rice claim was fully anticipated under §102 by the prior art in the field.[2] This motion was denied and the case thereafter submitted to the jury, which was given eight interrogatories. These interrogatories inquired of the jury:

[2]In addition, they asserted that the evidence established the patent was procured through fraud. No motion for a directed verdict was ever made based upon the question of obviousness under §103.

1. whether they found "the subject matter of the Rice Patent to be not new within the meaning of the word as used in the patent laws";

2. whether they found "the subject matter of the claim of the patent was known or used by others in this country before the invention thereof by Rice";

3. whether they found the "subject matter of the claim of the Rice Patent was patented or described in a printed publication in this or a foreign country more than one year prior to the date of the application for the patent in this suit, namely November 9, 1956";

4. whether they found "the differences between the claim in the Rice Patent and the prior art [were] such that the subject matter of the claim as a whole would have been obvious, at the time the invention was made by Mr. Rice, to a person having ordinary skill in the art to which the subject matter of the claim pertained";

5. whether they found "United States Patent No. 475,734 issued to Sutton (1892) [was] more pertinent in any respect to the claimed subject matter of the Rice Patent than any of the patents cited by the Examiner in the application for the Rice Patent";

6. whether they found "the applicant for the Rice Patent failed to bring the Sutton Patent (1892) number 475,784 to the attention of the Patent Office during the pendency of the application of the Rice patent";

7. whether they found "the failure of the applicant for the Rice Patent to bring the Sutton Patent number 475,734 to the attention of the Patent Office during the pendency of the application for the Rice Patent to be purposeful, deliberate and intentional"; and

8. whether they found "that the United States Patent Office would not have issued the Rice Patent if it had

considered the Sutton Patent number 475,734 during its examination of the Rice Patent application.

The Sutton Patent referred to in the special verdict also dealt with a waist-to-toe garment. It was the defendants' postion throughout that this particular patent was not brought to the attention of the Patent Office by Rice at the time he sought his patent and that, if it had been, the Rice Patent would not have issued since Sutton purportedly disclosed each and every feature of the claim made by Rice. The jury disagreed, however. It found that Sutton had been brought to the attention of the Patent Office and that it was no more pertinent in any respect to the Rice claim than any of the other patents referred to in the patent application. It further concluded that even if Sutton had not been brought to the attention of the Patent Office, any such failure to do so was not purposeful and would not have affected the issuance of the Rice Patent in any event. As to the remaining interrogatories, the jury answered all questions in favor of the validity of the patent, and judgment was accordingly entered in favor of Tights and against the defendants.

Thereafter the defendants, pursuant to Rule 50(b) of the Federal Rules of Civil Procedure, moved for a judgment notwithstanding the verdict or, in the alternative, for a new trial. The sole basis for this motion was their contention that the Rice Patent was obvious under §103 of the act. Specifically, they asserted that the jury's findings relative to the Sutton Patent were clearly erroneous in light of the evidence presented at trial. This motion was denied by the trial judge and appeal to this court was taken.[3]

[3]In their post-verdict motion, the appellant corporations made no mention of the question of anticipation under §102, which, along with the fraud question, had been the sole basis for their earlier motion for a directed verdict.

I

PATENT VALIDITY AS A MATTER OF LAW

a. Patentability of Rice Claim under §§101 & 102.

The defendants first contend that the Rice Patent is "invalid as a matter of law" since it was fully anticipated by the prior art in the field and consequently lacked novelty under §§101 and 102. As such, they assert that the district court erred in not granting their motion for a directed verdict. In support of this position, they have cited numerous patents and publications which pre-date the Rice application and which they claim disclose products with the same elements performing the same functions in the same way as Rice. Each of these prior art forms was, however, brought to the attention of the jury below which nevertheless found that the subject matter of the Rice Patent was new in that it was unknown to others prior to Rice's application. We are of opinion that there is ample evidence to support the jury's findings and that the district court did not err in denying the appellants' motion for a directed verdict.[4]

[4]In attacking the district court's denial of their motion for a directed verdict, the defendants are, in essence, challenging the sufficiency of the evidence to support the jury's verdict. We note as a procedural matter that the failure of the defendants to move for a judgment notwithstanding the verdict on the grounds of anticipation may well have deprived them of a right to review on this question. See *Ward v. Banquet Foods Corp.*, 488 F2 141, 142, n.l. (8th Cir. 1973), and compare *Brown v. Alkire*, 295 F2 411 (10th Cir. 1961). Being of opinion that the defendants' assertions must fail in all events, however, we do not find it necessary to reach that question here.

Standard of Review

We begin with the observation that the rules governing appellate review of patent cases are no different than in other types of civil litigation. See, e.g., *Armour & Co. v. Wilson & Co.*, 274 F2 143 (7th Cir. 1960). Thus, in determining whether the verdict in this case should have been directed, we must apply the same standard employed by the district court in passing on the original motion. *Calloway v. Cent. Charge Serv.*, 440 F2 287, 289, n. 2 (D.C. Cir. 1971); *Alaman Bros. Farms & Feed Mill, Inc. v. Diamond Lab., Inc.*, 437 F2 1295, 1298 (5th Cir. 1971). As such, the question becomes whether there was sufficient evidence to support a verdict for the party opposing the motion, in this case, Tights. *Ralston Purina Co. v. Edmunds*, 241 F2 164 (4th Cir. 1957), cert. den. 353 US 974 (1957). In assessing the sufficiency of the evidence, however, our power of review continues to be limited by the Seventh Amendment which provides that "no fact tried by a jury shall otherwise be re-examined in any Court of the United States, than according to the rules of common law." See *A & G Stevedores v. Ellerman Lines*, 369 US 355, 359 (1969). We may not, therefore, weigh the evidence, pass on the credibility of witnesses, or substitute our judgment of the facts for that of the jury. See 9 *Wright & Miller, Federal Practice and Procedure*, §2524 (1971), *and cases cited therein.* Instead, we must view the evidence in the light most favorable to the party against whom the motion is made, giving him the benefit of all reasonable inferences from the evidence. *Phoenix Sav. & Loan, Inc. v. Aetna Cas. & Sur. Co.*, 427 F2 862, 868 (4th Cir. 1970); *Shelton v. Jones*, 356 F2 426 (4th Cir. 1966).

With this in mind then, we turn to the evidence presented at trial as it related to the question of anticipation.

Sufficiency of the Evidence

There is no dispute that the Rice Patent is a combination patent. It brings together elements known to the art in such a manner as to produce a new and different product. The evidence establishes that the combining of pants and stockings to form a single waist-to-toe garment was known to the art prior to Rice's patent application. The Goodman Patent, No. 2,697,925, for example, was issued in 1954 and taught the joinder of full-fashioned[5] stockings to form a single garment. Another earlier patent, Appleton (British No. 15,835), was issued in 1894, and similarly taught the joinder of men's stockings by means of a seam extending from the rear of the waist to the bottom of a fly in the front.

Based upon these and other prior art references, the defendants assert that the Rice Patent is invalid as a matter of law since it was fully anticipated. This, they contend, is so despite the fact that the various elements brought together in Rice may not necessarily have been collected in any one of these prior art references. It is enough, they argue, that the evidence taken as a whole discloses that all of the claimed elements are found in different prior patents in the art or in different devices previously in general use.

We are of opinion, however, that this position is not a correct statement of the law relating to anticipation,

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[5]Full-fashioned, unlike modern panty hose, was contoured to fit the wearer. This was done by inserting fabric to make the garment larger at the hip and crotch areas.

and adopt instead the standard set forth in *Ceramic Tilers Supply, Inc. v. Tile Council of America, Inc.*, 378 F2 283 (9th Cir. 1967). There, the court stated:

> "Anticipation is a technical defense which must meet strict standards: 'Unless all the same elements are found in exactly the same situation and united in the same way to perform the identical function' in a single prior art reference 'there is no anticipation'." *Id.* at 284-85

See also *Ling-Temco-Vought, Inc. v. Kollsman Instrument Corp.*, 372 F2 263, 267 (2d Cir. 1967).

The combination of such previously known elements must, of course, create a new functional relationship in order to constitute a novel invention. Thus, the Supreme Court, in *Great Atlantic & Pacific Tea Co. v. Supermarket Equipment Corp.*, 340 US 147 (1950), struck down as invalid a combination patent involving three known elements, a grocery counter, a three-sided frame, and guides. There, however, the elements remained functionally unchanged when combined, performing exactly as they had and would have been expected to prior to the combination. Thus, there was a complete absence of novelty in the patent product.

In the instant case, the evidence indicated that panty hose made according to Rice's specifications, without fashioning and with a single U-shaped seam running through the crotch area from front to back, were not substandard garments, contrary to the expectations of those in the industry. Rather, they were found to be just as good as panty hose produced with a crotch-piece or gusset, despite the fact that they were cheaper to produce. Put differently, the evidence presented here tended to show that the combination of elements in the

Rice Patent created what the Court found lacking in *A & P*, a new and functionally revolutionary product which represented a significant improvement over the prior art in the field.

The question remains, however, whether the elements of the Rice Patent were united in the same way in any single prior art form. We believe the jury was justified in concluding they had not been. The Sutton Patent, No. 475,734, which the defendants argue incorporated each and every feature of the Rice claim, was shown to relate to a fashioned or contoured garment, one version of which included a separately fashioned gusset or crotch-piece, and which included flat knitting for the panty portion and additional fabric for the crotch in all events[6]. A second prior art form, a German patent granted one Voight, also disclosed an enlarging crotch-piece rather than a single U-shaped seam, as did the Goodman Patent previously discussed. In addition, the Appleton Patent, which was also cited to the jury as an anticipation by prior art, was shown to call for the inclusion of a crotch-piece along with a fly.

Thus, we are of opinion that no one of these references contains all of the elements taught by Rice. Concededly, much of the evidence as to the nature of these

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[6]A superficial view of Figure 2 in the Sutton patent may leave the impression that an additional crotch-piece in Sutton is merely optional. However, plaintiff's highly qualified expert witness, Peel, testified it was optional only to the extent that Sutton taught the adding of additional material to the panty portion of the garment in the crotch area. Thus, whether by a separate gusset or by the knitting of additional material into the garment, Sutton, who was dealing with a flat knit, fashioned panty, taught that extra fabric was necessary in the crotch area.

prior art references is in conflict. Yet, the weight of the evidence and the credibility of the witnesses are matters reserved to the trier of fact, in this case the jury, and its decision must be respected. Accord *Gunning v. Cooley*, 95 US 90, 94 (1930). This court must remain mindful of the fact that it is a court of review and not a court for the retrial of cases. *Collins v. Owen*, 310 F2 884, 887 (8th Cir. 1962). Given the evidence presented, then, we find no error in the district court's refusal to direct a verdict as to anticipation, and, consequently, are of opinion that the jury's verdict must be sustained.

b. Obviousness of the Rice Patent under §103.

Under 35 USC §103, a patent may not be obtained where the subject matter of the claim is "obvious at the time the invention was made to a person having ordinary skill in the art." The defendants contend that even if this court should find Rice not to have been anticipated, it must be deemed obvious under §103. The jury found otherwise, however, and we find no basis in the record for upsetting that determination.[7]

In *Graham v. John Deere*, 383 US 1 (1965), the Supreme Court carefully analyzed the non-obvious standard set out in §103. In so doing, it set out the standard which guides us here:

> "[T]he §103 condition . . . lends itself to several basic factual inquiries. Under §103, the scope and content

[7]The defendants also assert that the district court erred in submitting the question of obviousness to the jury, since, under *Graham v. John Deere*, 383 US 1 (1966), this is a question of law and not fact. This contention is discussed at more length in Part II of this opinion. Suffice it to say here that we do not agree with defendants' position as to this point.

> of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or non-obviousness of the subject matter is determined. Such secondary considerations as commercial success . . . might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented. As indicia of obviousness or non-obviousness, these inquiries may have relevancy." *Id.* at 17.

The question becomes then whether, based upon these criteria, the evidence supports the jury's determination that the Rice Patent was non-obvious in light of the prior art in the field.

Preservation of the Right of Review

We note initally that as a procedural matter, the appellant corporations have not preserved for this court's review the question of the sufficiency of the evidence as to the non-obviousness of the Rice Patent. It is established that the sufficiency of evidence to support a verdict is not reviewable on appeal unless a motion for a directed verdict is made in the trial court. 9 *Wright & Miller, Federal Practice and Procedure*, §2536 (1971). According to Moore, the reasons behind this rule are essentially two. First, the appellate courts will not review issues on appeal that were not properly raised in the trial court. Second, and perhaps more fundamentally, the function of the appellate court is to review actions taken by the trial court, not actions of the jury itself. 5A *Moore's Federal Practice*, §50.05[1]. Put somewhat differently, "a litigant may not gamble on a jury's verdict and then later question the sufficiency of the

evidence on appeal. * * * [T]he litigant who has not moved for a directed verdict in the trial court must have been of the view that the evidence made a case for the jury; he should not be permitted on appeal to impute error to the trial judge for sharing his view." *Little v. Bankers Life & Cas. Co.*, 426 F2 509, 511 (5th Cir. 1970); see also 9 *Wright & Miller, Federal Practice and Procedure*, §2536 (1971).

In the instant case, while the defendants did move for a directed verdict, they did not there raise the question of obviousness directly by name or indirectly by concept. That motion was limited to the contention that the Rice Patent was:

> "Invalid and/or unenforceable as a matter of law on the grounds that pursuant to 35 USC §102(a) and (b), its claimed subject matter was completely anticipated by the prior art, and on the further grounds that it was procured by violation of the uncompromising duty of absolute honesty and full disclosure required of a patent applicant."

Reading the motion liberally so as to avoid the appearance of requiring mere technical precision, we nevertheless are of the view that the motion, when read as a whole, cannot be said to raise any issue as to obviousness.

However, in order to avoid disposition of this matter on so technical a point, we would further note that we are of opinion, as an alternative ground for our decision, that even if the question were properly preserved for review, we would nevertheless find no merit to appellants' contention.

Level of Ordinary Skill in the Pertinent Art

As clear as any evidence adduced at trial that the Rice Patent was not obvious within the meaning of §103 was the response of Kayser-Roth itself to the Rice claim. Shortly after the issuance of his patent in 1958, Rice met with Alfred Slaner and Joe Bird, officials of Kayser-Roth. The purported purpose of this meeting was to attempt to interest Kayser-Roth in producing Rice's garment. Following the meeting, Bird and Slaner promised to evaluate Rice's invention and get back in touch with him.

Instead of getting back in touch with Rice, Kayser-Roth, through a subsidiary, Alamance Industries, filed a patent application for a garment virtually identical to Rice's garment. The only difference was the addition of a crotch piece which Kayser-Roth at that time stated it deemed necessary. According to that application:

> "The additional increase in the circumference of the panty portion of the garment provided by the gusset provides a well-fitting garment in the seat, and the reinforced crotch construction provides an adequately strong garment at this point of stress. The result is a practical garment of proper fitting quality, a characteristic which is not otherwise attainable if the edges * * * of the legs are directly secured together throughout their length. This is a result of the fact that a seamless or circularly knit leg construction at the welt * * * does not provide enough material to provide a panty properly proportioned to be practical and useful."

Thus, even after studying Rice's claim, Kayser-Roth did not believe the U-shaped seam which he advocated was practical or useful, much less obvious.

Tights introduced additional evidence indicating that this initial skepticism on the part of Kayser-Roth was shared by others in the industry until the mid-1960's. According to the testimony of one Peel, a hosiery expert, it was not until 1966 that Hanes Hosiery Co., with whom he was employed, discovered that panty hose made with Rice's U-seam would work. Peel testified that he found this to be "amazing" since he and others at Hanes were convinced "that a panty hose couldn't be a totally satisfactory garment if the underwear part of it, the panty, did not include a gusset piece."

Additional evidence was adduced at trial indicating that it was not until 1967 that Kayser-Roth itself began developing U-seamed panty hose. Moreover, other evidence established that as late as 1969 appellant Acme-McCrary was still experimenting with this type of garment. Such evidence clearly tends to show that artisans in Rice's field in 1958 did not find his claim to be obvious in view of the prior art at the time of the patent application. *United States v. Adams*, 383 US 39, 52 (1966).

Differences in the Prior Art

We also are of opinion that there was sufficient evidence to support the jury's determination that differences existed between Rice and the cited prior art references so as to render it non-obvious.[8] As has been noted,

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[8]Tights argues that much of the prior art relied upon by the defendants is not within the field in which Rice worked, and, therefore, is irrelevant in determining the question of obviousness. While there may be merit in this assertion, we do not feel called upon to further delineate the scope of the relevant art and decide the question, being of opinion that, even assuming each prior art form cited by appellants as being within the field, the jury was nevertheless justified in its finding.

the evidence presented at trial clearly indicated that each of the prior art forms relied upon by the defendants, viewed in the light most favorable to Tights, taught that extra fabric was required in the crotch area, whether by an additional separate piece or by additional fabric or knitting. What is apparent from this is that every single reference relied upon by the defendants, rather than being close to, or teaching, or leading to, Rice's concept of fine gauge circularly knit stockings joined with a U-shaped seam, teach in the opposite direction. They do not suggest Rice; rather, they suggest Rice is impossible.

The fact that the defendants' prior art references lead away from Rice, and that even unusually skilled artisans in the field corroborated the negative teachings, is both relevant and persuasive as to the question of non-obviousness. *United States v. Adams*, 383 US 39, 52 (1966); *Shaw v. E. B. & A. C. Whiting Co.*, 417 F2 1097, 1104 (2d Cir. 1969).

Commercial Success

Finally, we note that there was substantial evidence introduced at trial as to the commercial success of the Rice claim. Some twenty-five companies were shown to have taken a license under the Rice Patent. Moreover, as has been indicated, use of the Rice U-seam in the products manufactured by these companies resulted in substantial cost savings for them. The evidence of such commercial success is also relevant to the question of non-obviousness since it indicates the inventive nature of the product. *Shaw v. E. B. & A. C. Whiting Co.*, 417 F2 1097, 1105 (2d Cir. 1969); *Otto v. Koppers Co.*, 246 F2 789, 799-800 (4th Cir. 1957), cert. den. 355 US 939 (1958).

Conclusion as to Obviousness

We, of course, recognize that the incorporation of a U-shaped seam into a circularly knit garment may appear a simple matter, a fact which defendants make much of. Yet, the simplicity of an invention, particularly when viewed with the clarity which hindsight affords, does not negative invention. *Goodyear Tire & Rubber Co. v. Ray-O-Vac Co.*, 321 US 275, 279 (1944). As this court stated in *Allen v. Std. Crankshaft & Hydraulic Co.*, 323 F2 29, 34 (4th Cir. 1963), "[T]he Court should not convert its simplicity into obviousness. . . ." The mere recital of known elements in the art does not, without more, invalidate a patent under §103. Rather, the issue must resolve itself on the presence or absence of facts indicating that the bringing together of those elements would have been obvious at the time the patent application was made. *Shaw v. E. B. & A. C. Whiting Co.*, 417 F2 1097, 1105 (2d Cir. 1969). We are of opinion that, based upon the scope and content of the prior art, the differences in that prior art and Rice and the level of skill in the art, the jury's determination as to obviousness was fully supported by the record.

II

SUBMISSION OF OBVIOUSNESS QUESTION TO JURY

The defendants next contend that the district court erred in submitting Interrogatory No. 4, dealing with the question of obviousness, to the jury. While we agree that the question of obviousness is ultimately one of law, we nevertheless recognize that it involves underlying questions of fact. *Graham v. John Deere*, 383 US 1 (1965); *Sakraida v. Ag Pro, Inc.*, 44 LW 4477 (U. S. April 20, 1976).

As this court has previously noted, the formulation of issues is a matter resting in the sound discretion of the trial judge. *Norfolk So. Ry. Co. v. Davis Frozen Foods*, 195 F2 663, 666 (4th Cir. 1952). This discretion extends not only to the use of special verdicts but also to the form of the submitted interrogatories once such a decision is made, and if an issue presents a mixed question of fact and law, it may be submitted if the jury is instructed as to the legal standard to be applied. *Scott v. Isbrandtsen Co.*, 327 F2 113 (4th Cir. 1964). It follows, then, that our review of the form of the trial court's special interrogatories is confined to whether their use in that form was an abuse of discretion. Accord *Abernathy v. So. Pac. Co.*, 426 F2 512, 514 (5th Cir. 1970).

As the court noted in *Dreiling v. General Electric Co.*, 511 F2 768 (5th Cir. 1975), there are several factors to be considered in determining the adequacy of the form of special interrogatories: (1) whether the interrogatories adequately presented the contested issues to the jury when read as a whole and in conjunction with the general charge; (2) whether submission of the issues to the jury was fair; and (3) whether the ultimate questions of fact were clearly submitted to the jury. Judged in light of these standards, we find no error in the submission of Interrogatory No. 4 to the jury.

In charging the jury on the law governing the question of obviousness, the trial judge stated in part:

> "[Y]ou must consider three things. First, you must satisfy yourselves as to what is the scope and content of the prior art that was pertinent to the claim of the Rice Patent. . . . Second, you must determine the differences between the subject matter sought to be patented by Rice, and the prior art. Finally, you must satisfy yourselves as to the level of skill of a man of

ordinary skill in the art to which the subject matter of the Rice patent is most nearly pertinent."[9]

These instructions are in accordance with the criteria laid down by the Supreme Court in *John Deere*, and the defendants do not in any way contend that they were erroneous. Rather, it is their position that the district court erred in not requiring the jury to specifically address these underlying factual questions. They argue that the jury should have been requested to determine separately the scope and content of the prior art, the differences between that prior art and the claim at issue, and the level of ordinary skill in the pertinent art, rather than having the question put to them as it was under proper instruction as to the various factors to consider.

We disagree. Our rules do not contemplate that a jury must be asked to make the kind of detailed findings of fact which FRCP Rule 52(a) requires of a judge sitting without a jury. Accord *Panther Pumps & Equipment Co., Inc. v. Hydrocraft, Inc.*, 468 F2 225, 227-8 (7th Cir. 1972), cert. den. 411 US 965 (1973). Defend-

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[9]In this connection, the trial judge further instructed in part:

"To obtain [?] you in determining those facts relevant to the question of obviousness, you may consider such secondary considerations as the commercial success or failure of the Rice garment, any skepticism or disbelief that might have been exhibited by members of the industry as to whether the Rice garment would work, the fact that some manufacturers have become licensed under the patent, and such other considerations as you may find from the evidence reflecting upon the obviousness or non-obviousness of the subject matter of the Rice patent as a whole."

We find these instructions to be in accordance with *Graham* and *Sakraido*.

ants requested interrogatories would have merely required the jury to elaborate on its decision as to the issues. We are of opinion, however, that nothing would be gained by requiring the jury to resolve numerous issues where a broader interrogatory, when answered, would be sufficient to determine the rights of the parties. Cf. 9 *Wright & Miller, Federal Practice and Procedure*, §2506 (1971). It would be a purposeless restriction to say, as defendants urge, that special interrogratories such as that submitted here cannot be mixed questions of law and fact. We have previously decided this question to the contrary. *Scott*, supra.

We are convinced that, viewed in their entirety, the instructions adequately explained the legal standards which the jury was to apply; that the jury understood the questions submitted to it; and that as a result the submission of Interrogatory #4 was not error. Moreover, we are of opinion that the question asked of the jury was sufficient to obtain a jury determination of the underlying factual issues essential to the judgment, *R. H. Baker & Co. v. Smith-Blair, Inc.*, 331 F2 506 (9th Cir. 1964).

III

ERRORS AS TO THE ADMISSIBILITY OF EVIDENCE

Finally, the defendants urge that the district court committed various errors at trial which require reversal of the judgment below. Only one of these warrants extended discussion.

The defendants seek to reverse the jury's determination of the facts underlying the judgment that fraud was not committed on the Patent Office in the procure-

ment of the Rice Patent. Specifically, they contend that the trial court erred in not permitting them to cross-examine Rice's attorney at the time of the reissue application regarding his financial interest in the patent itself. This, they argue, would have established a motive for his alleged failure to bring the Sutton Patent to the attention of the Patent Office.

The jury specifically found, however, that the Sutton Patent was, in fact, brought to the attention of the Patent Examiner reviewing the Rice application. Moreover, there is substantial, it even might be said to be overwhelming, evidence to support this finding. The Rice filewrapper itself indicates that Rice's attorney informally presented to the Examiner in charge certain newly discovered prior art references which had come to his attention as a result of other litigation in which he was involved. Among those references was the Sutton Patent. The filewrapper further discloses that, while the Examiner did not cite Sutton as pertinent prior art, he did search the patent classification where Sutton was to be found. This evidence stood uncontradicted at the time the defendants sought to cross-examine Rice's attorney as to his interest in the patent.

While it is true that a witness may ordinarily be cross-examined as to his financial interest in a transaction, it is also recognized that the trial judge has broad powers to regulate the nature and extent of such cross-examination. See, e.g., *Alford v. United States*, 282 US 687, 694 (1931). Here, the evidence was all but conclusive as to the fraud issue, and against the defendants. As such, defendants' line of inquiry could easily be said to border on harassment of the witness which the trial

judge, in his discretion, was entitled to limit.[10] *Alford* at 694. In light of the evidence already in the record, we are of opinion that the ruling of the district court was not an abuse of discretion, and if it could be said to be error at all, did not prejudice the defendants' case, and does not warrant reversal.

We have examined the remaining issues raised by the appellants regarding the conduct of the trial and the instructions to the jury and find them to be without merit.

CONCLUSION

We are of opinion that the jury was properly instructed as to the applicable law regarding the issues before it and that its findings were amply supported by the evidence. Accordingly, we are of opinion that the judgment of the district court was free from error and it is

AFFIRMED.

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[10]We also note that the trial judge offered to allow defendants to call the witness as their own, an option which they declined.

Appendix B

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
GREENSBORO DIVISION

TIGHTS, INC., *Plaintiff*, v. ACME-McCRARY CORPORATION, *Defendant*.	Civil Action No. C-258-G-69
TIGHTS, INC., *Plaintiff*, v. KAYSER-ROTH CORPORATION, *Defendant*.	Civil Action No. C-179-G-70
TIGHTS, INC., *Plaintiff*, v. ADAMS-MILLIS CORPORATION, *Defendant*.	Civil Action No. C-231-G-72

JUDGMENT

Trial in the above captioned cases having taken place before the undersigned Judge of the United States District Court* for the Middle District of North Carolina

*Associate Judge of the United States Court of Customs and Patent Appeals, serving temporarily by designation of the Chief Judge of the United States under the authority of U.S.C. Sec. 293(a)(1970).

and a jury; and the jury having answered the Special Interrogatories submitted to them by the Court; and it appearing to the Court that the evidence received in the cases is sufficient to support each answer to the Special Interrogatories, the Court hereby adopts each finding of the jury in its answers to the Special Interrogatories as its own and renders judgment as follows:

United States Letters Patent RE 25,360, owned by the plaintiff, Tights, Inc., is valid, enforceable and infringed by each of the defendants. These cases shall be placed on the trial calendar for determination of the issue of damages.

It is so ordered.

/s/ PHILIP B. BALDWIN
United States District Judge

October 25, 1974

Appendix C

35 U.S.C. §102 reads in pertinent part:

"A person shall be entitled to a patent unless—

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or

* * *

(d) the invention was first patented, or was the subject of an inventor's certificate, by the applicant or his legal representatives or assigns in a foreign country prior to the date of the application for patent in this country on an application for patent or inventor's certificate filed more than twelve months before the filing of the application in the United States, or

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or

(f) he did not himself invent the subject matter sought to be patented, or

(g) before the applicant's invention thereof the invention was made in this country by another who had not abandoned, suppressed, or concealed it. In determining priority of invention there shall be considered not only the respective dates of conception and reduction to

practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other."

35 U.S.C. §103 reads:

"A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made."

Appendix D

Rule 49(a) of the Federal Rules of Civil Procedure reads:

"The court may require a jury to return only a special verdict in the form of a special written finding upon each issue of fact. In that event the court may submit to the jury written questions susceptible of categorical or other brief answer or may submit written forms of the several special findings which may properly be made under the pleadings and evidence; or it may use such other method of submitting the issues and requiring the written findings thereon as it deems most appropriate. The court shall give to the jury such explanation and instruction concerning the matter thus submitted as may be necessary to enable the jury to make its findings upon each issue. If in so doing the court omits any issue of fact raised by the pleadings or by the evidence, each party waives his right to a trial by jury of the issue so omitted unless before the jury retires he demands its submission to the jury. As to an issue omitted without such demand the court may make a finding; or, if it fails to do so, it shall be deemed to have made a finding in accord with the judgment on the special verdict."

Rule 50 of the Federal Rules of Civil Procedure reads in pertinent part:

"(a) A party who moves for a directed verdict at the close of the evidence offered by an opponent may offer evidence in the event that the motion is not granted, without having reserved the right so to do and to the same extent as if the motion had not been

made. A motion for a directed verdict which is not granted is not a waiver of trial by jury even though all parties to the action have moved for directed verdicts. A motion for a directed verdict shall state the specific grounds therefor. The order of the court granting a motion for a directed verdict is effective without any assent of the jury.

"(b) Whenever a motion for a directed verdict made at the close of all the evidence is denied or for any reason is not granted, the court is deemed to have submitted the action to the jury subject to a later determination of the legal questions raised by the motion. Not later than 10 days after entry of judgment, a party who has moved for a directed verdict may move to have the verdict and any judgment entered thereon set aside and to have judgment entered in accordance with his motion for a directed verdict; or if a verdict was not returned such party, within 10 days after the jury has been discharged, may move for judgment in accordance with his motion for a directed verdict. A motion for a new trial may be joined with this motion, or a new trial may be prayed for in the alternative. If a verdict was returned the court may allow the judgment to stand or may reopen the judgment and either order a new trial or direct the entry of judgment as if the requested verdict had been directed. If no verdict was returned the court may direct the entry of judgment as if the requested verdict had been directed or may order a new trial."